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No quick reaction to economic bailout

How hard is it to get a mortgage these days?

Many people think it's probably the guy with a 520 credit score and no money who has trouble qualifying.

But economist Don Reynolds said it took him six weeks to get a mortgage.

"I was putting 50 percent down on the loan and I had a credit score of 795, which is supposed to be really good," Reynolds said.

"I said, 'What's going on?' I know the banker very well, I've been banking there 19 years. His comment was, 'Well, we don't keep those loans, we sell them, and we had a hard time finding someone willing to buy the loan.'"

Meanwhile, all eyes were on the stock market today after Congress last week passed a \$700 billion Wall Street bailout, aimed primarily at resolving the problems caused by subprime lending and mortgages gone bad. The market plunged below 10,000 in the first hour of trading this morning.

Over the weekend, Wayne Stutzer, senior vice president of RBC Wealth Management and co-host of News/Talk 92-3 KTAR's "The Smart Investor," said the bailout was absolutely necessary to keep the economic situation from getting worse. Stutzer said failure of the bailout would have caused a freezing of money markets, where many businesses go to get credit.

"Payrolls can't get met, inventories can't get bought, lines of credit are frozen or pulled. And, all of a sudden, you can't deal with your business because there's just no cash to deal with," Stutzer said.

Stutzer noted the bailout bill increased the cap on FDIC insurance for bank deposits from \$100,000 to \$250,000, but said it might need to be raised higher, noting Ireland recently adopted no cap for insured deposits.

"It could very well be that you'll see limitless deposit insurance or a lot of money in United States banks, parked by foreigners, might move out to Ireland or any other country that offers limitless deposit insurance," Stutzer said.

Stutzer said this also might not be a bad time to get in the stock market.

"I'm an optimist. I would say if you've been selling stuff and putting cash aside with the idea that someday you want to come back, but you just didn't know when, I would say that right now would probably be a good time at looking at putting some of that money back to work."

The economy overall may not rebound instantly, Stutzer said, "But simply having the economy not do good doesn't mean the stock market won't do good. In fact, something almost counter-intuitive could happen. Stocks will go up next year even though the economy won't."

While the economy is hurting the entire country, some some states are better off than others, and Arizona is one of them, State Treasurer Dean Martin said.

"It's not like Michigan where the economy is just destroying the auto industry and the jobs aren't there," Martin said. "In Arizona, people come here so they don't have to scrape the sunshine off the windshield in January."

Martin said a lot of people want to move to Arizona, but they can't because they cannot sell their current homes.

A lot of winter visitors from the north would help Arizona's economy, Martin said.

"Right now, with the dollar so low, Canadians are coming to Arizona and the United States because it feels like Mexico to them. Their Canada dollar buys a lot more, so I Think we really need to put a lot of emphasis on getting winter visitors from Canada. That would be a good bright spot for us."

by Hanna Scott and Mike Saucedo/KTAR